

STATE OF MINNESOTA
ENVIRONMENTAL QUALITY BOARD

Proposed

In the Matter of the Great River Energy
Power Company Site Permit Application
for an Upgrade to the St. Bonifacius
Peaking Station.

Findings of Fact, Conclusions and Order
Issuing a Site Permit for an Upgrade to
the St. Bonifacius Peaking Station
EQB Docket No. 02-34-PPS-GRE

The above-entitled matter came before the Minnesota Environmental Quality Board at a regular meeting on August 15, 2002.

STATEMENT OF ISSUE

The issue before the Board is whether to grant a site permit to Great River Energy (GRE) for its proposed upgrade of the St. Bonifacius peaking station.

Based upon the information in the record, the EQB makes the following Findings of Fact, Conclusions and Order:

FINDINGS OF FACT

Project Description

1. The St. Bonifacius peaking station is located on a 19-acre site at the intersection of State Highway 7 and County Road 10 in Watertown Township, Carver County, Minnesota (Township 117 North, Range 25 West in the North ½ of the Northwest ¼ of Section 34). The facility consists of two simple-cycle combustion turbines, a generator, a fuel oil storage tank, fuel transfer equipment, fire protection equipment, a transformer, electrical conductors and a control house.

The structure housing the turbine-generator, including ancillary equipment, is approximately 103 feet long and 23 feet wide. Except for the two air intakes and the two exhaust outlets, the turbine-generator is approximately 10 feet tall. The intake ducts measure 11 feet square and are approximately 20 feet in height. The exhaust outlets measure 11 feet square and are approximately 50 feet in height.

There are two methods of unit load control (i.e., one based on measuring electrical generation and the other based on measuring the exhaust temperature) currently utilized at the St. Bonifacius peaking station to ensure that the station operates at no more than 50 megawatts (MW)

2. On March 1, 2002, GRE submitted to the Minnesota Environmental Quality Board (EQB) a site permit application (**Exhibit 2**) regarding an upgrade of the Saint Bonifacius peaking station. The upgrade would expand the maximum generating output from 50 MW to approximately 74 MW.

GRE is proposing to install an inlet air-cooling system and to make two changes to the unit load control settings. The inlet air-cooling will enable the station to operate at higher capacity on summer days by effectively cooling the inlet air to the turbine. The inlet air-cooling

assembly consists of a self-contained system (i.e., pumps, motors, PLC control unit, water filtration, injection nozzles) housed in a five foot by eight foot skid mounted enclosure, resulting in minimal construction activities.

GRE requested that the EQB process this application in accordance with the Alternative Review process of the Power Plant Siting Act (Minn. Stat. § 116C.575).

3. A power plant that operates above 50 MW is subject to the requirements of the Power Plant Siting Act (Minn. Stat. Section 116C.51-69). The proposed modifications will result in the station's capacity exceeding 50 MW. Therefore, the modifications that GRE is proposing are subject to the requirements of the Power Plant Siting Act. Since the proposed modifications will not increase the plant's capacity to more than 80 MW, the applicant has the option of following the permitting procedures of the alternative review process (Minn.Stat. § 116C.575, subd. 2).

Procedural

4. The procedures used during this permitting process are set out in Minnesota Rules Chapter 4400 Interim Guidance.
5. The EQB Chair accepted the application on March 8, 2002 and provided written notice to the applicant (**Exhibit 3**).
6. On April 15, 2002 the applicant provided confirmation that the requisite notices had been given (**Exhibit 5**).
7. On March 3, 2002 the staff of the EQB mailed notice of the application and of the scheduled public meeting to the persons on the EQB notification list (**Exhibit 6**).
8. On March 28, 2002 the notice of the application and of the scheduled public meeting was published in the Waconia Patriot (**Exhibit 7**).
9. A public meeting was held in the Watertown Township Hall, Watertown, Minnesota, on April 8, 2002. The purpose of the meeting was to provide information, to answer questions, and to scope the environmental assessment. Eight members of the public attended the meeting (**Exhibit 8**). Interim Guidance Rule part 4400.1300, subparts 1-4. Issues raised during the public meeting included (1) air quality, (2) noise, (3) visual impacts, (4) site drainage, (5) alternative fuels and (6) co-generation/combined cycle operation.
10. The scoping comment period ended on April 15, 2002. Written comments were submitted by adjacent property owners (Chuck and Ursula Dimler and Drew and Kathy Dimler) on April 15, 2002. The written comments reiterated those comments made during the public meeting, with the addition of concerns over light pollution (**Exhibit 12**).
11. The Chair issued the environmental assessment scoping decision on April 23, 2002, and it was mailed to those persons on the project contact list (**Exhibits 13, 14 and 15**). Interim Guidance Rule part 4400.2700 subpart 2. The areas selected for evaluation during the scoping process included (1) air quality, (2) noise, (3) visual impacts and (4) site drainage.
12. The environmental assessment was prepared by the EQB staff and made available on May 22, 2002 (**Exhibit 16**).
13. On May 20, 2002 the staff of the EQB mailed notice of the scheduled public hearing to the persons on the EQB project contact list (**Exhibit 18**).

14. On May 23, 2002 notice of the scheduled public hearing was published in the Waconia Patriot (**Exhibit 17**).
15. A public hearing was held on June 6, 2002 in the Watertown Township Hall, Watertown, Minnesota and was presided over by Administrative Law Judge Barbara Goldstein of the Office of Administrative Hearings. Eight members of the public attended. No new issues or comments germane to the site permit were raised.
16. The hearing record was held open through June 17, 2002, for written comments. No comments were received.

Environmental Assessment

17. The affected environment is rural and consists of agricultural crop land with sporadic farmsteads. The St. Bonifacius station is bounded by Highway 7 on the north and County Road 10 on the east. Farmland borders the property to the west and south, as well as beyond the roadways to the north and east.
18. The MPCA has issued a draft air emission permit (#01900010-001) for this facility's upgrade. Since the permit is a part 70 permit, it is subject to a 45-day review period. The permit was placed on public notice on May 2, 2002. The MPCA will enforce compliance with all applicable standards.
19. Two noise studies were completed by HDR Engineering to measure actual sound levels from the existing St. Bonifacius combustion turbines. One was done on June 2, 2000, and a second was conducted on May 6, 2002. The measured impacts were below the State noise standards. The predicted noise impacts were below the State noise standards. Additionally, as a condition of the draft air emissions permit, the applicant must comply with Minnesota noise standards (Rule 7030.0010 to 7030.0080) at all times during operation.
20. The view of the plant will be essentially the same as it is now; no significant expansion of the physical structure will occur.
21. A stormwater investigation was conducted by HDR Engineering to evaluate if the construction of the facility may have disrupted the drain tile system. An inspection of the site, a review of the original site construction drawings, a review of a drain tile sketch provided by Charles Dimler, a review of historic aerial photographs and discussions with the staff at the Carver County Highway Department were conducted. The proposed upgrade will not impact the site drainage.
22. No alternative sites were identified by the applicant or the EQB during the public scoping process. The only project site evaluated as part of this EA was the existing site in Carver County. No alternatives to expanding the plant were identified.
23. No other matters were raised during the public meeting, nor did EQB staff identify any other matters to be incorporated into the EA during the scoping process.
24. Preparation of the environmental assessment was completed in accordance with Interim Guidance Rules part 4400.2700.

Standards and Criteria

25. Interim Guidance Minnesota Rules part 4400.3000 describes the criteria to apply in evaluating a proposal for a site permit. This part provides that the board shall issue a permit for a proposed facility when the board finds that the facility is consistent with state goals to conserve resources, minimizes environmental impacts, minimizes human settlement and other land use conflicts, and ensures the state's electric energy security through efficient, cost-effective power supply and electric transmission line infrastructure.
26. Interim Guidance Rules part 4400.3100 goes on to state those factors to consider in determining whether to issue a permit for a large electric power generating plant.
27. The record addresses the relevant factors in determining the appropriateness of this permit application and the EQB has taken into account these factors in deciding whether to issue a permit. The board finds that the proposed upgrade to the existing St. Bonifacius peaking station is consistent with state goals to conserve resources and do minimize environmental impacts and land use conflicts. The board further finds that the upgrade is efficient and cost-effective and will help to ensure the state's electric energy security.
28. Minnesota Statutes Section 216B.243, subdivision 2 states that no large electric power generating plant shall be sited or constructed without the issuance of a certificate of need (CON) by the Public Utility Commission (PUC). However, Minnesota Statutes Section 216B.243, subdivision 8 exempts certain facilities from the CON requirement. One exemption is for modification of an existing electric generating plant to increase efficiency, as long as the capacity of the plant is not increased more than ten percent or more than one hundred megawatts, whichever is greater.

The proposed expansion will improve the efficiency of the station by approximately two percent and increase the station's capacity by a maximum of 24 MW.

27. A number of permit conditions have been included in the site permit. The Permittee has no objection to inclusion of these conditions.

Based on these Findings of Fact the EQB makes the following;

CONCLUSIONS

1. The EQB has jurisdiction to issue a Site Permit for the proposed upgrade to the St. Bonifacius peaking station.
2. Comments raised on the application were considered and those deemed appropriate were incorporated into the scope of the environmental assessment. No new issues or comments germane to the site permit were raised during the public hearing.
3. The record includes adequate information to apply the factors included in Interim Guidance Rules part 4400.3000 through part 4400.3300 (adopted October 18, 2001) to determine if a site permit should be issued and what conditions should be imposed.
4. A site permit with conditions should be issued.
5. Any findings that might properly be termed conclusions and any conclusions that might properly be termed findings are hereby adopted as such.

ORDER

Based on the Findings of Fact and Conclusions contained herein and on the entire record:

The Minnesota Environmental Quality Board hereby issues a site permit, in the form attached, to Great River Energy Power Company for its proposed upgrade of the St. Bonifacius peaking station.

Approved and adopted this 15th day of August 2002.

State of Minnesota
Environmental Quality Board

Gene Hugoson, Chair